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Interim Chief Executive Officer

County of Los Angeles
CHIEF EXECUTIVE OFFICE

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"To Enrich Lives Through Effective And Caring Service"

Board of Supervisors
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February 10, 2015

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

14 of FEBRUARY 10, 2015


PATRICK OZAWA
ACTING EXECUTIVE OFFICER

**FIVE-YEAR OPTION TO RENEW LEASE NO. 56497
DEPARTMENT OF CHILDREN AND FAMILY SERVICES
10355 SLUSHER DRIVE, SANTA FE SPRINGS
(FOURTH DISTRICT)
(3 VOTES)**

SUBJECT

A five-year lease renewal of 65,568 square feet of office space, including 380 parking spaces, located at 10355 Slusher Drive, Santa Fe Springs, for the Department of Children and Family Services.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that the proposed lease renewal is categorically exempt from the provisions of the California Environmental Quality Act pursuant to Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by the Board per Section 15301 of the State of California Environmental Quality Act Guidelines (Existing Facilities).
2. Exercise the first of two options to renew the lease for a five-year term with Legacy Partners II (Lessor), for 65,568 square feet of office space and 380 parking spaces, located at 10355 Slusher Drive, Santa Fe Springs, for the Department of Children and Family Services at an annual rent for the first year of the extension term of \$1,324,940. The rental cost is approximately 69 percent subvented by State and federal funds, and 31 percent net County cost.
3. Authorize the Interim Chief Executive Officer and the Director of Children and Family services to implement the project. The lease renewal will be effective upon approval by the Board of Supervisors.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The County of Los Angeles (County) has occupied the facility since 1988. The current lease has been on a month-to-month holdover since March 1, 2014, pending structural repair to a failed beam, which has been completed. Legacy Partners II (Lessor) has agreed to honor the terms of the option to renew upon approval by the Board of Supervisors. The Department of Children and Family Services (DCFS) has requested that the lease be renewed so that it may continue to provide services to families in crisis.

The Santa Fe Springs office is one of 20 regional offices operated by DCFS that provides a comprehensive full-service direct child protection system dedicated to the safety of children, a reduced time-line to permanency for children in its care, and a reduced reliance on out-of-home care. These outcomes are achieved largely through the work of Emergency Response, Family Maintenance/Reunification, and Permanent Placement Children's Social Workers in collaboration with support staff and staff from other County departments who are co-located in the Santa Fe Springs office.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan Goal of Integrated Services Delivery (Goal 3) directs that we maximize opportunities to measurably improve client and community outcomes and leverage resources through the continuous integration of health, community, and public safety services. The proposed lease renewal supports this goal by continuing collaborative efforts among County programs to protect children and youth in Los Angeles County. The lease is in conformance with the Asset Management Principles, as outlined in Attachment A.

FISCAL IMPACT/FINANCING

The proposed lease will provide DCFS with 65,568 rentable square feet of office space and 380 parking spaces at an initial modified full-service monthly rent of \$110,412, or \$1,324,940 annually, i.e. \$1.68/\$20.21 per square foot per month/year.

The program cost is approximately 69 percent subvented by State and federal funds, and 31 percent net County cost. Sufficient funding for the lease and operating budget costs is included in the Fiscal Year (FY) 2014-15 Rent Expense budget and will be charged back to DCFS. Attachment B is an overview of the lease costs for this lease renewal.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Notice of intent to exercise this option has been provided to the Lessor. The lease renewal requires the Board of Supervisors to exercise the option, and contains the following terms and conditions.

- The lease will commence upon approval by the Board of Supervisors, and will expire five years thereafter.
- The rent includes parking for 380 vehicles.
- The lease continues on a modified full-service basis whereby the Lessor is responsible for maintenance, and the County is responsible to pay for all utilities.

- The rent under the lease renewal is subject to Consumer Price Index (CPI) adjustments in accordance with the terms of the original lease, capped at 4 percent of the current adjusted base rent.
- There are no tenant improvements included with the renewal of the lease.
- There is no cancellation provision with this five-year option.

The Chief Executive Office (CEO) Real Estate Division surveyed the County areas that could best serve the need of the department to determine the market rate of comparable sites. Based upon said survey, staff has established that the average base rent including parking for similar property is \$22.20 per square foot per year modified full-service. Thus, the base annual rent of \$20.21 per square foot for the lease renewal cost is below market rental rates for the area.

Attachment C shows County-owned and leased facilities within the search area for these programs and none are available to house these programs. The cost of renovating and building-out warehouse space meeting the needs of the user at a new location is not feasible at this time.

The Department of Public Works has inspected this facility and finds it suitable for the County's continued occupancy. The leased premises are in compliance with building codes and are being inspected for compliance with the Americans with Disabilities Act (ADA). Any required ADA upgrades will be completed upon receipt of the inspection report. Notification letters have been sent pursuant to Government Code Sections 25351 and 65402.

The consolidated and co-located DCFS programs will provide a central and appropriate location, which is consistent with the County's Facility Location Policy adopted by the Board of Supervisors on July 24, 2012, as outlined in Attachment D.

A child care center is not feasible for the department in the proposed leased premises.

ENVIRONMENTAL DOCUMENTATION

The CEO has concluded that this project is exempt from California Environmental Quality Act Guidelines (CEQA) pursuant to Class 1, of the Environmental Document Reporting Procedures and Guidelines adopted by the Board, and Section 15301 of the State CEQA Guidelines (Existing Facilities).

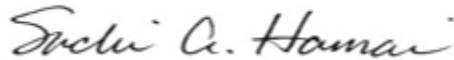
IMPACT ON CURRENT SERVICES (OR PROJECTS)

The proposed lease renewal will adequately provide the necessary office space for this County requirement. DCFS concurs with the proposed lease renewal.

CONCLUSION

It is requested that the Executive Office, Board of Supervisors return two certified copies of the Minute Order and the adopted, stamped Board letter to the CEO, Real Estate Division, 222 South Hill Street, Fourth Floor, Los Angeles, CA 90012.

Respectfully submitted,

A handwritten signature in cursive script that reads "Sachi A. Hamai".

SACHI A. HAMAI
Interim Chief Executive Officer

SAH:RLR:CMM
SDH:SG:ns

Enclosures

c: Executive Office, Board of Supervisors
County Counsel
Auditor-Controller
Children and Family Services

**DEPARTMENT OF CHILDREN AND FAMILY SERVICES
10355 SLUSHER DRIVE, SANTA FE SPRINGS**

Asset Management Principles Compliance Form¹

1.	<u>Occupancy</u>		Yes	No	N/A
	A	Does lease consolidate administrative functions? ²			X
	B	Does lease co-locate with other functions to better serve clients? ²	X		
	C	Does this lease centralize business support functions? ²			X
	D	Does this lease meet the guideline of 200 sq. ft of space per person? ² ratio: 1/177		X	
	E	Does lease meet the 4/1000 sq. ft. parking ratio guideline? ²	X		
	F	Does public parking and mass-transit exist to facilitate employee, client and visitor access to the proposed lease location? ²	X		
2.	<u>Capital</u>				
	A	Is it a substantial net County cost (NCC) program? 69% Federal and State funding and 31% NCC		X	
	B	Is this a long term County program?	X		
	C	If yes to 2 A or B; is it a capital lease or an operating lease with an option to buy?			X
	D	If no, are there any suitable County-owned facilities available?		X	
	E	If yes, why is lease being recommended over occupancy in County-owned space?			X
	F	Is Building Description Report attached as Attachment C?	X		
	G	Was build-to-suit or capital project considered? ²		X	
3.	<u>Portfolio Management</u>				
	A	Did department utilize CEO Space Request Evaluation (SRE)?	X		
	B	Was the space need justified?	X		
	C	If a renewal lease, was co-location with other County departments considered?			X
	D	Why was this program not co-located?			
		1. ____ The program clientele requires a "stand alone" facility.			
		2. ____ No suitable County occupied properties in project area.			
		3. ____ No County-owned facilities available for the project.			
		4. ____ Could not get City clearance or approval.			
		5. <u>X</u> The Program is being co-located. (with other DCFS programs)			
	E	Is lease a full service lease? ² Modified full-service, County pays utilities only		X	
	F	Has growth projection been considered in space request? DCFS co-location is functional at the expanded size and the space is being maximized.	X		
	G	Has the Dept. of Public Works completed seismic review/approval?	X		
¹ As approved by the Board of Supervisors 11/17/98					
² If not, why not?					

ATTACHMENT B

10355 SLUSHER, SANTA FE SPRINGS	EXISTING LEASE	LEASE RENEWAL	CHANGES
AREA (SQUARE FEET)	65,568	65,568	None
TERM	10 years 03/01/04 to 02/28/14 (month-to-month)	5 years 06/21/14 to 06/20/19	5 years
ANNUAL BASE RENT	\$1,319,825 (\$20.13/sq.ft.)	\$1,324,940 (\$20.21/sq.ft.)	+\$5,115
PARKING INCLUDED IN RENT	380 on-site spaces	380 on-site spaces	None
CANCELLATION	After 8 th year with 150 days notice	None	Option period is 5 years
OPTION TO RENEW	Two five-year options	First five-year option exercised	One option remains
RENTAL ADJUSTMENT	Annual CPI with cap of 4%	Annual CPI with cap of 4%	None

ATTACHMENT C

**DEPARTMENT OF CHILDREN AND FAMILY SERVICES
10355 SLUSHER DR., SANTA FE SPRINGS, CA 90670**

Search Area:

**90240,90606,90706,90241,90608,92821,90242,90631,92823,90280,90638,90601,90639,90602,
90650,90603,90670,90670,90604,90701,90605, 90703 and 90670.**

Laco	Facility Name	Address	Gross SQFT	Net SQFT	Ownership	Available SQFT
A755	PUBLIC LIBRARY-HEADQUARTERS	7400 E IMPERIAL HWY, DOWNEY 90242	68,000	55,733	OWNED	NONE
D600	DOWNEY COURTHOUSE	7500 E IMPERIAL HWY, DOWNEY 90242	103,502	77,003	FINANCED	NONE
1180	RANCHO-HARRIMAN BUILDING 400 - ADMINISTRATION	7601 E IMPERIAL HWY, DOWNEY 90242	85,879	39,682	OWNED	NONE
3385	RANCHO-HOSPITAL OFFICE BLDG 500,501,502 & 503	7601 E IMPERIAL HWY, DOWNEY 90242	88,104	63,850	FINANCED	NONE
X238	RANCHO-SUPPORT SERVICES ADMINISTRATION BLDG	7601 E IMPERIAL HWY, DOWNEY 90242	66,200	56,002	FINANCED	NONE
6059	DOWNEY ADMIN CTR-ADMINISTRATIVE CENTER BLDG	9150 E IMPERIAL HWY, DOWNEY 90242	327,972	264,536	OWNED	NONE
X168	HARRY HUFFORD REGISTRAR-RECORDER/CO CLERK BLD	12400 E IMPERIAL HWY, NORWALK 90650	262,510	240,600	FINANCED	NONE
5685	NORWALK COURTHOUSE	12720 NORWALK BLVD, NORWALK 90650	225,008	137,779	OWNED	NONE
A355	DCFS-SANTA FE SPRINGS (SPA 7)	10355 SLUSHER DR, SANTA FE SPRINGS 90670	65,568	50,633	LEASED	NONE
0005	BELLFLOWER COURTHOUSE	10025 E FLOWER ST, BELLFLOWER 90706	110,287	45,966	OWNED	NONE

FACILITY LOCATION POLICY ANALYSIS
February 10, 2015

Proposed lease renewal: first of two five-year options to renew the Lease for the Department of Children and Family Services – 10355 Slusher Ave., Santa Fe Springs – 4th District . There is no cancellation provision with this five-year option.

A. Establish Service Function Category – Regional and local public service function.

B. Determination of the Service Area –The proposed lease renewal will allow the DCFS to continue to provide a comprehensive full-service direct child protection system centrally located to this specific service area.

C. Apply Location Selection Criteria to Service Area Data

- Need for proximity to service area and population: DCFS programs are most effective when located in the same geographic area as its consumers, providers and stakeholders. This location meets the service area criteria and remains in the desired area.
- Need for proximity to existing County facilities: It is DCFS' desire to collaborate with County Department partners, such as Department of Mental Health, Department of Public Social Services, and Child Support Services, whenever possible. The subject facility is located within 2.5 miles of offices housing Department of Mental Health, California Children's Services, Department of Public Social Services, and Health Services Emergency Medical Services.
- Need for proximity to Los Angeles Civic Center: N/A
- Economic Development Potential: N/A
- Proximity to public transportation: The location is adequately served by local transit services.
- Availability of affordable housing for County employees: The surrounding area provides for affordable housing and rental opportunities.
- Use of historic buildings: N/A
- Availability and compatibility of existing buildings: There are no existing County buildings available to meet the Department's service needs.

- Compatibility with local land use plans: The Department of Public Works inspected the facility and found it suitable for County occupancy. Notification letters have been sent pursuant to Government Code Sections 25351 and 65402.
- Estimated acquisition/construction and ongoing operational costs: The initial annual base rent is \$1,324,940. Rental costs are 31 percent net County cost and 69 percent subvented by State and Federal funds.

D. Analyze results and identify location alternatives

Based upon the space and service needs of DCFS, staff surveyed the immediate area to determine the availability of comparable and more economical site alternatives. Based on a survey of the area, staff established that no viable or suitable alternatives to the existing location were available. The annual rental range for similar space is \$22.20 per square foot on a modified full-service basis including parking. Therefore, the proposed annual rent of \$20.20, including parking, is below market and supports the lease renewal at this location.

E. Determine benefits and drawbacks of each alternative based upon functional needs, service area, cost and other Location Selection Criteria

The renewal of the subject lease for the consolidated and co-located DCFS programs will provide adequate administrative space for its employees and efficient and affordable space for on-site services to its clients which is consistent with the County's Facility Location Policy adopted by the Board on July 24, 2012. The cost of comparable sites was higher per square foot and the sites would require tenant improvements that would drive the rent up further.